

# Worksession

<b>Agenda Item #</b>	13
<b>Meeting Date</b>	June 6, 2005
<b>Prepared By</b>	Suzanne Ludlow, Community & Government Liaison
<b>Approved By</b>	Barbara B. Matthews

<b>Discussion Item</b>	Maryland Municipal League (MML) Legislative Priorities
<b>Background</b>	<p>Each year the MML solicits legislative proposals from its member municipalities. Usually three are chosen for the League to pursue as its Legislative Priorities for the next legislative session.</p> <p>During the last session, legislation that would permit municipal electrical aggregation was nearly adopted. Takoma Park took leadership on the topic and may wish to ask that the effort be continued in the 2006 legislative session.</p> <p>Over the past several months, the Residents' Committee on Tax and Service Duplication Issues (TASDI) identified State legislation that would benefit municipalities: one is a raising of the 17% income tax rebate that Maryland municipalities currently receive; and the other is the institution of a third-party review system for municipal tax duplication disputes.</p> <p>In addition, there is interest in legislation raising the cap on the Homeowners' Property Tax Credit program to help reduce the impact of rising property assessments on lower-income home owners.</p> <p>Legislative Action Request forms describing these legislative proposals must be submitted by June 15, 2005. The MML Legislative Committee reviews and discusses the proposals and recommends several as the best candidates for designation as Legislative Priorities. The member municipalities vote on these, or suggest modifications or other proposals, at the October MML conference. MML staff then works to pursue the legislation during the January to April Legislative Session.</p>
<b>Policy</b>	The City Council pursues legislation in the best interest of the City of Takoma Park.
<b>Fiscal Impact</b>	n/a
<b>Attachments</b>	Draft Resolution. LAR
<b>Recommendation</b>	Give direction to staff.
<b>Special Consideration</b>	

**Introduced By:**

**-DRAFT-  
RESOLUTION 2005-\_\_**

**Resolution Authorizing Transmittal of 2006 Legislative Action Requests  
To the Maryland Municipal League for Consideration**

WHEREAS, the Takoma Park City Council is charged with setting policy and pursuing legislative changes in the best interests of the Takoma Park community; and

WHEREAS, the Takoma Park is an active member of the Maryland Municipal League; and

WHEREAS, the Maryland Municipal League pursues legislative changes that would benefit Maryland municipalities; and

WHEREAS, the Council has identified proposed legislation regarding municipal electrical aggregation, homeowner tax relief, and municipal tax duplication that it recommends the Maryland Municipal League take on as legislative priorities for the 2006 legislative session.

NOW, THEREFORE, BE IT RESOLVED THAT the Council of the City of Takoma Park authorizes the City Manager to transmit Legislative Action Request forms regarding municipal electrical aggregation, homeowner tax relief, and municipal tax duplication to the Maryland Municipal League for the League's consideration as 2006 legislative priorities.

ADOPTED THIS \_\_\_\_<sup>th</sup> DAY OF JUNE, 2006.

ATTEST:

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Jessie Carpenter  
Acting City Clerk

**2006 MML LEGISLATIVE REQUEST**  
*(TP LAR #3 - Municipal Aggregation)*

**Name of Municipality, Chapter or Department submitting request:** City of Takoma Park

**Contact Person / Title:** Suzanne Ludlow, Community and Government Liaison

**Address/City/State/Zip:** 7500 Maple Avenue, Takoma Park, MD 20912

**Telephone numbers: (Work)** 301-891-7229      **(E-mail)** [SuzanneL@takomagov.org](mailto:SuzanneL@takomagov.org)

**Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

## INTRODUCTION

- 1. Describe the problem or situation the request is intended to address:** Municipalities and counties are not permitted to function as aggregators of electrical energy.
- 2. Describe the requested legislation:** Legislation similar to Senate Bill 39 of the 2005 Legislative Session.
- 3. Describe how the requested legislation would remedy the problem:** The legislation would allow municipalities and counties to function as aggregators of electrical energy.
- 4. The proposed legislation would address:** \_\_\_\_\_ Only your municipality  
\_\_\_\_\_ Only municipalities in your county \_\_\_\_\_ Only statewide municipalities  
\_\_X\_\_ All counties and municipalities in the entire state
- 5. Would the proposed remedy have a significant fiscal impact on your municipality?**  
No.

## BACKGROUND INFORMATION

- 1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures?** Unsure.
- 2. If administrative remedies have already been pursued, what were they and what was the outcome?** N/A
- 3. What other state and/or local agencies, if any, would be affected by this proposal?**  
This would affect municipalities and counties and current energy aggregators.

- 4. Have any state agencies been contacted about the proposal? Yes.**  
**If yes, what was their reaction?** MML staff would be more knowledgeable about this.

### **HISTORICAL INFORMATION**

- 1. Has the League considered this proposal in a previous year? Yes. If yes, describe any significant changes in circumstances that might improve its chances of success in 2006:** The bill went down to the wire in the last Legislative Session. Also, more areas of the State are facing de-regulation.
- 2. Has this request been considered by the General Assembly in prior sessions? Yes If yes, please provide the bill number, year, and outcome of legislation, if known:** Senate Bill 39 of the 2005 Legislative Session; not adopted.
- 3. Has this proposed legislation been implemented by any other city, county or state? Yes. If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:** Northeast Ohio Public Energy Council (NOPEC), is one example.

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**Signature of authorized municipal,  
chapter or departmental official**

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**Print name                      Date**

**Indicate the date of the meeting where the governing body of the municipality, chapter or department endorsed the request:**

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**Return Form To:    MML Legislative Committee  
                             1212 West Street  
                             Annapolis, MD 21401**

**ATTN: Kelly Pierce**

## 2006 MML LEGISLATIVE REQUEST

*(TP LAR #2 - 17% Income Tax Level)*

**Name of Municipality, Chapter or Department submitting request:** City of Takoma Park

**Contact Person / Title:** Suzanne Ludlow, Community and Government Liaison

**Address/City/State/Zip:** 7500 Maple Avenue, Takoma Park, MD 20912

**Telephone numbers: (Work)** 301-891-7229

**(E-mail)** SuzanneL@takomagov.org

**Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

### INTRODUCTION

**1. Describe the problem or situation the request is intended to address:** Municipalities receive 17% of the county income tax liability of their residents as revenue. This percentage is arbitrary and tends to negatively affect municipalities with lower levels of personal income. Because of higher need in these areas, these municipalities often must provide a greater level of services. Municipalities in counties where many services are paid for with income tax funds are also negatively affected because State law only provides for tax duplication setoffs for duplicative services paid for by property taxes.

**2. Describe the requested legislation:** Legislation similar to Senate Bill 724 of the 2005 Legislative Session, or a bill that raises the 17% level to a higher level would help address the problem.

**3. Describe how the requested legislation would remedy the problem:** The legislation would allow for a higher level of income tax revenue to help municipalities with lower income residents to be better able to provide services.

**4. The proposed legislation would address:** \_\_\_\_\_ **Only your municipality**

\_\_\_\_\_ **Only municipalities in your county** ☒ **Only statewide municipalities**

\_\_\_\_\_ **All counties and municipalities in the entire state**

**5. Would the proposed remedy have a significant fiscal impact on your municipality?**

Yes. In FY05, 41.0% of Montgomery County's budget was funded by income tax revenue, compared to 36.3% of the budget funded by property tax revenue. Because of the 17% flat percentage rate, only 9.6% of the City of Takoma Park's budget was funded by income tax revenue, while property taxes constituted 48.1% of the total revenue. If the income tax component of total revenue for the City of Takoma Park were the same as the County's, the City

would have received \$6,307,106 in income tax revenue rather than \$1,481,000.

### **BACKGROUND INFORMATION**

- 1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures? No.**
- 2. If administrative remedies have already been pursued, what were they and what was the outcome? N/A**
- 3. What other state and/or local agencies, if any, would be affected by this proposal?**  
This would only affect municipalities and counties.
- 4. Have any state agencies been contacted about the proposal? No.**  
**If yes, what was their reaction?**

### **HISTORICAL INFORMATION**

- 1. Has the League considered this proposal in a previous year? Probably. If yes, describe any significant changes in circumstances that might improve its chances of success in 2006:**  
The April 2005 report of the Takoma Park Residents' Committee on Tax and Service Duplication Issues identified that this legislation is needed. The report presented the information in a very well-prepared and well-documented manner that could be shared with legislators.
- 2. Has this request been considered by the General Assembly in prior sessions? Yes If yes, please provide the bill number, year, and outcome of legislation, if known:** Senate Bill 724 of the 2005 Legislative Session; not adopted.
- 3. Has this proposed legislation been implemented by any other city, county or state?**  
Unknown. **If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:**

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**Signature of authorized municipal,  
chapter or departmental official**

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**Print name**

**Date**

**Indicate the date of the meeting where the governing body of the municipality, chapter or department endorsed the request:**

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**Return Form To: MML Legislative Committee  
1212 West Street  
Annapolis, MD 21401**

**ATTN: Kelly Pierce**

## 2006 MML LEGISLATIVE REQUEST

*(TP LAR #1 - Tax Duplication Appeals)*

**Name of Municipality, Chapter or Department submitting request:** City of Takoma Park

**Contact Person / Title:** Suzanne Ludlow, Community and Government Liaison

**Address/City/State/Zip:** 7500 Maple Avenue, Takoma Park, MD 20912

**Telephone numbers: (Work)** 301-891-7229      **(E-mail)** [SuzanneL@takomagov.org](mailto:SuzanneL@takomagov.org)

**Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

## INTRODUCTION

**1. Describe the problem or situation the request is intended to address:** No legal recourse or third-party arbitration process is available to review or challenge a county's tax duplication setoff determination. A municipality should have the opportunity to challenge, through impartial judicial review or arbitration, the accuracy and comprehensiveness of county tax setoff determinations.

**2. Describe the requested legislation:** Amend Code of Maryland Section 6-305 as follows:

New: (h)(2)(iv) a notification of the process the municipality may use to appeal the level of the proposed tax setoff.

New: (j) Appeals process.- within 30 days of the receipt of the statement of intent, a municipality may request that the level of the proposed tax setoff be reviewed by an independent third party agreeable to both the county and municipality.

New: (k) Adjustment to setoff amount.- If the third party reviewer specifies that the level of the proposed tax setoff should be adjusted, the county shall pay the specified adjusted setoff amount unless the county and municipality agree to a different level of tax setoff.

Amend Code of Maryland Section 6-306 in a similar fashion for the “may” counties.

**3. Describe how the requested legislation would remedy the problem:** The legislation would provide an appeals procedure for municipalities regarding accurate calculation of property tax setoffs.

**4. The proposed legislation would address:** \_\_\_\_\_ **Only your municipality**

           Only municipalities in your county   X   Only statewide municipalities

           **All counties and municipalities in the entire state**



**5. Would the proposed remedy have a significant fiscal impact on your municipality?**

Yes, if the proposed legislation were in place, the City of Takoma Park would have received between \$1 million and \$4.7 million in additional tax rebate payments from Montgomery County for FY05.

**BACKGROUND INFORMATION**

**1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures? No.**

**2. If administrative remedies have already been pursued, what were they and what was the outcome? N/A**

**3. What other state and/or local agencies, if any, would be affected by this proposal?**

This would only affect municipalities and counties.

**4. Have any state agencies been contacted about the proposal? No.**

**If yes, what was their reaction?**

**HISTORICAL INFORMATION**

**1. Has the League considered this proposal in a previous year? We don't believe so. If yes, describe any significant changes in circumstances that might improve its chances of success in 2006:** The April 2005 report of the Takoma Park Residents' Committee on Tax and Service Duplication Issues identified that this legislation is needed. The report presented the information in a very well-prepared and well-documented manner that could be shared with legislators.

**2. Has this request been considered by the General Assembly in prior sessions? Unknown. If yes, please provide the bill number, year, and outcome of legislation, if known:**

**3. Has this proposed legislation been implemented by any other city, county or state? Unknown. If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:**

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**Signature of authorized municipal,  
chapter or departmental official**

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**Print name**

**Date**

**Indicate the date of the meeting where the governing body of the municipality, chapter or**

department endorsed the request:

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1212 West Street  
Annapolis, MD 21401**

**ATTN: Kelly Pierce**

## 2006 MML LEGISLATIVE REQUEST

*(TP LAR #4 - Homeowners' Property Tax Credit)*

**Name of Municipality, Chapter or Department submitting request:** City of Takoma Park

**Contact Person / Title:** Suzanne Ludlow, Community and Government Liaison

**Address/City/State/Zip:** 7500 Maple Avenue, Takoma Park, MD 20912

**Telephone numbers: (Work)** 301-891-7229

**(E-mail)** SuzanneL@takomagov.org

**Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

### INTRODUCTION

**1. Describe the problem or situation the request is intended to address:** Real property assessments are rising quickly, as are costs to municipalities for staff, benefits and fuel. As a result, real property taxes are increasing to levels that are too high for many lower-income or fixed-income residents. While counties and the City of Baltimore are now allowed to establish criteria for a supplement to the Homeowners' Property Tax Credit, municipalities are limited in their flexibility to assist homeowners in their respective municipalities.

**2. Describe the requested legislation:** Amend Code of Maryland Section 9-104(a) and 9-215 by adding "or municipality" to the sections that currently refer to "the Mayor and City Council of Baltimore City or the governing body of a county."

**3. Describe how the requested legislation would remedy the problem:** The legislation would allow municipalities to help target property tax relief to the homeowners the municipal officials feel most need or deserve it.

**4. The proposed legislation would address:** \_\_\_\_\_ **Only your municipality**

\_\_\_\_\_ **Only municipalities in your county** ☒ **Only statewide municipalities**

\_\_\_\_\_ **All counties and municipalities in the entire state**

**5. Would the proposed remedy have a significant fiscal impact on your municipality?**

It would depend on the choices the City Council would make as to who should receive the property tax credit and how much relief should be offered.

### BACKGROUND INFORMATION

**1. Could the problem be resolved by something other than a new law, i.e., action by**

another level of government or changes in administrative procedures? Municipalities could identify grants or other programs to lower-income residents to help offset property tax increases.

2. If administrative remedies have already been pursued, what were they and what was the outcome? N/A.

3. What other state and/or local agencies, if any, would be affected by this proposal?  
None.

4. Have any state agencies been contacted about the proposal? No.  
If yes, what was their reaction?

### **HISTORICAL INFORMATION**

1. Has the League considered this proposal in a previous year? Unsure. If yes, describe any significant changes in circumstances that might improve its chances of success in 2006:

2. Has this request been considered by the General Assembly in prior sessions? Unsure. If yes, please provide the bill number, year, and outcome of legislation, if known:

3. Has this proposed legislation been implemented by any other city, county or state? Probably. If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based: Do not know.

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Signature of authorized municipal,  
chapter or departmental official

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Print name                      Date

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